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Security Council

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Note by the President of the Security Council

At its 6335th meeting, held on 9 June 2010 in connection with the item entitled "Non-proliferation", the Security Council adopted resolution 1929 (2010).

In paragraph 4 of the resolution, the Council requested the Director General of the International Atomic Energy Agency to communicate to the Council all his reports on the application of safeguards in the Islamic Republic of Iran.

Accordingly, the President circulates herewith the report of the Director General dated 14 August 2015 (see annex).

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Annex

Letter dated 21 August 2015 from the Director General of the International Atomic Energy Agency addressed to the President of the Security Council

I have the honour to enclose herewith the report requested by the Security Council in its resolution 1929 (2010), which I have submitted today to the Board of Governors of the International Atomic Energy Agency (see enclosure).

I should be grateful if you would bring the present letter and the enclosed report to the attention of the members of the Council.

(*Signed*) Yukiya **Amano**

Enclosure

[Original: Arabic, Chinese, English, French, Russian and Spanish]

Verification and monitoring in the Islamic Republic of Iran in the light of United Nations Security Council resolution 2231 (2015)

Report by the Director General

Summary

This report considers the implications for the Agency of relevant provisions of United Nations Security Council resolution 2231 (2015) with a view to commencing implementation of the verification and monitoring of Iran's nuclear-related commitments set out in the Joint Comprehensive Plan of Action (JCPOA).

Recommended actions

It is recommended that the Board of Governors:

- take note of the Director General's report;
- authorize the Director General to implement the necessary verification and monitoring of Iran's nuclear-related commitments as set out in the JCPOA, and report accordingly, for the full duration of those commitments in light of United Nations Security Council resolution 2231 (2015), subject to the availability of funds and consistent with the Agency's standard safeguards practices; and
- authorize the Agency to consult and exchange information with the Joint Commission, as set out in this report.

A. Recent developments

A.1. Framework for cooperation

1. On 2 July 2015, the Director General held meetings, in Tehran, with the President of the Islamic Republic of Iran (Iran), HE Mr. Hassan Rouhani and the Secretary of the Supreme National Security Council, HE Mr. Ali Shamkhani, to advance work towards the resolution of all outstanding issues regarding Iran's nuclear programme, including clarification of possible military dimensions.

2. On 14 July 2015, the Director General and the Vice-President of Iran and President of the Atomic Energy Organization of Iran, HE Mr. Ali Akbar Salehi, signed a "Road-map for the clarification of past and present outstanding issues regarding Iran's nuclear programme" (hereafter referred to as the "Road-map").[1]

[1] GOV/INF/2015/14.

The "Road-map" identifies the necessary activities to be undertaken under the Framework for Cooperation, in order to accelerate and strengthen cooperation and dialogue between the Agency and Iran aimed at the resolution, by the end of 2015, of all past and present issues that have not already been resolved by the Agency and Iran.

3. By 15 December 2015, the Director General will provide, for action by the Board of Governors, the final assessment on the resolution of all past and present outstanding issues, as set out in the annex to his report of November 2011 (GOV/2011/65).

A.2. Joint Plan of Action and Joint Comprehensive Plan of Action

4. As previously reported, on 30 June 2015, the E3+3 and Iran requested the Agency, on behalf of the E3/EU+3 and Iran, to continue to undertake the necessary nuclear-related monitoring and verification activities in Iran as set out in the Joint Plan of Action (JPA) "until further communication".[2,3]

5. On 14 July 2015, the E3/EU+3 (China, France, Germany, the Russian Federation, the United Kingdom and the United States of America, with the High Representative of the European Union for Foreign Affairs and Security Policy) and Iran agreed on a Joint Comprehensive Plan of Action (JCPOA).[4] The provisions of the JCPOA state, inter alia, that it "builds on" the implementation of the JPA[5] and that the "full implementation of the JCPOA will ensure the exclusively peaceful nature of Iran's nuclear programme".

6. The Director General welcomed the JCPOA, stating that it would "facilitate the IAEA's further verification work in Iran".[6] He informed IAEA Member States that the Agency would be asked to "monitor and verify the nuclear-related measures set out in the agreement" and that he would then report to and consult the Board of Governors on this request and how to secure the necessary financial resources for the Agency.

B. Security Council resolution 2231 (2015)

7. On 20 July 2015, the Security Council adopted resolution 2231 (2015) (the resolution), in which it endorsed the JCPOA. In the resolution, the Security Council,[7] inter alia, stated it is:

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[2] GOV/INF/2015/11, Attachment.

[3] It is expected that the Agency will continue conducting JPA-related activities, including the provision of monthly updates, until the date on which the JCPOA is implemented.

[4] The text of the JCPOA was communicated to the Director General by the Permanent Representatives to the IAEA of the E3+3 countries and Iran in a letter dated 24 July 2015 (INFCIRC/887).

[5] The text of the JPA is reproduced in INFCIRCs 855 and 856.

[6] 2015/Note 55, 14 July 2015.

[7] Security Council resolution 2231 (2015) makes provision for the termination of Security Council resolutions 1696 (2006), 1737 (2006), 1747 (2007), 1803 (2008), 1929 (2010) and 2224 (2015) in accordance with its terms. Upon termination of the above referenced Security Council resolutions, the Board of Governors may wish to consider parallel action in regard to its decision (see GOV/2007/7 and GOV/OR.1181, paras. 40 and 41) and consequential decisions on technical cooperation provided to Iran, which were taken through the Agency's Technical Assistance and

"[s]trongly supporting the essential and independent role of the International Atomic Energy Agency (IAEA) in verifying compliance with safeguards agreements, including the non-diversion of declared nuclear material to undeclared purposes and the absence of undeclared nuclear material and undeclared nuclear activities, and, in this context, in ensuring the exclusively peaceful nature of Iran's nuclear programme, including through the implementation of the "Framework for Cooperation" agreed between Iran and the IAEA on 11 November 2013 and the "Road-map for Clarification of Past and Present Outstanding Issues", and recognizing the IAEA's important role in supporting full implementation of the JCPOA." (Preamble)

8. In the resolution, the Security Council requested the Director General to:

(a) Undertake the necessary verification and monitoring of Iran's nuclear-related commitments for the full duration of those commitments as set out in the JCPOA (para. 3);

(b) Provide regular updates to the Board of Governors and, as appropriate, in parallel to the Security Council, on Iran's implementation of its nuclear-related commitments as set out in the JCPOA (para. 4);

(c) Report to the Board of Governors and in parallel to the Security Council, at any time if the Director General has reasonable grounds to believe there is an issue of concern directly affecting fulfilment of Iran's nuclear-related commitments as set out in the JCPOA (para. 4);

(d) Report to the Board of Governors and in parallel to the Security Council as soon as the Agency has verified that Iran has taken the actions specified in paragraph 15.1-15.11 of Annex V of the JCPOA (para. 5); and

(e) Report to the Board of Governors and in parallel to the Security Council as soon as the Agency has reached the Broader Conclusion that all nuclear material in Iran remains in peaceful activities (para. 6).

The Security Council also requested that the Agency and the Joint Commission[8] "consult and exchange information, where appropriate, as specified in the JCPOA" (para. 19).

B.1. Request for a meeting of the Board of Governors

9. In light of the above, the Director General requested that a meeting of the Board of Governors be convened on 25 August 2015 to consider the implications of relevant provisions of the resolution for the Agency, and the Director General's proposal to modify *The Agency's Programme and Budget 2016-2017* (GC(59)/2)[9] in respect of Major Programme 4, with a view to commencing implementation of the verification and monitoring in Iran that the Director General is requested to undertake pursuant to that resolution.

Cooperation Committee (based on GOV/2008/47/Add.3, GOV/2009/65, GOV/2011/58/Add.3 and GOV/2013/49/Add.3).

[8] The JCPOA establishes a Joint Commission consisting of representatives of the E3/EU+3 and Iran (Annex IV of the JCPOA).

[9] See also "Modifications to *The Agency's Programme and Budget 2016-2017*" (GOV/2015/54).

C. Implications of the Security Council resolution for the Agency

C.1. Agency verification and monitoring

10. The Agency will continue its verification activities pursuant to Iran's Safeguards Agreement.[10] As set out in the JCPOA, Iran will notify the Agency (Annex I, Section L, of the JCPOA):

- of the provisional application of the Additional Protocol to its Safeguards Agreement in accordance with Article 17(b) of the Additional Protocol, pending its entry into force, and subsequently seek ratification and entry into force, consistent with the respective roles of the President and the Majlis (Parliament); and
- that it will fully implement the modified Code 3.1 of the Subsidiary Arrangements to its Safeguards Agreement as long as the Safeguards Agreement remains in force.

The Agency's verification and monitoring of Iran's nuclear-related commitments as set out in the JCPOA is without prejudice to Iran's Safeguards Agreement and Additional Protocol thereto.

11. Subject to the authorization of the Board of Governors, the Director General will implement the necessary verification and monitoring of Iran's nuclear-related commitments as set out in the JCPOA (see para. 8.(a)) consistent with the Agency's standard safeguards practices. These verification and monitoring activities will commence on "Implementation Day". To facilitate the activities, the Agency will need to carry out "preparatory" activities between "Adoption Day" and "Implementation Day".[11]

C.2. Joint Commission

12. As indicated above (para. 8), the Agency and the Joint Commission are requested to "consult and exchange information, where appropriate, as specified in the JCPOA". The consultations and exchange of information between the Agency and the Joint Commission specified in the JCPOA are as follows:

(a) Information exchange:

- The Agency is expected to report to the Working Group of the Joint Commission that the construction of the modernised Arak reactor is consistent with the approved final design (Annex I, Section B.6).
- The Agency is expected to share, with the Joint Commission Participants, the content of the enrichment and enrichment R&D plan, as submitted by Iran as part of its AP initial declaration (Annex I, Section I.52).
- The Agency is expected to receive, from the Coordinator of the Joint Commission, information relating to proposals submitted to the Commission by States seeking to engage in the supply, sale or transfer to Iran of nuclear-related items (Annex IV, Section 6.4.1).

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[10] The Agreement between Iran and the Agency for the Application of Safeguards in Connection with the Treaty on the Non-Proliferation of Nuclear Weapons (INFCIRC/214), which entered into force on 15 May 1974.

[11] "Adoption Day" and "Implementation Day" are defined in the JCPOA, para. 34, (i) and (ii).

(b) Participation in meetings:

- The Agency may be invited to attend meetings of the Procurement Working Group of the Joint Commission as an observer (Annex IV, Section 6.4.6).

13. The Agency will need to receive information from the Joint Commission which has a bearing on the Agency's implementation of the verification and monitoring of Iran's nuclear-related commitments as set out in the JCPOA. The Agency may also be requested to participate in other meetings of the Joint Commission as an observer.

D. Additional resources required by the Agency

14. The verification and monitoring activities requested of the Agency as set out above (paras. 4, 10 and 11) will incur costs to the Agency beyond those provided for in the Regular Budget,[12] as indicated below. All additional funding requirements until the end of 2016 will be met from extrabudgetary resources.[13]

15. The estimated costs for the period prior to "Implementation Day" are as follows:[14]

- €0.80M per month for the continued cost of activities necessary for the verification and monitoring of Iran's nuclear-related commitments under the JPA, covering the period between 1 October 2015[15] and "Implementation Day", to be funded by extrabudgetary resources;

- €0.16M per month for the preparatory activities related to the verification and monitoring of Iran's nuclear-related commitments, covering the period between "Adoption Day" (18 October 2015 or earlier) and "Implementation Day", to be funded by extrabudgetary resources.

16. The additional funding necessary for the activities in Iran from "Implementation Day" onwards is estimated to be €9.2M per annum. This estimate comprises €3.0M per annum for the provisional implementation of Iran's Additional Protocol and €6.2M per annum (of which, €2.2M per annum is for inspector costs) for verification and monitoring of Iran's nuclear-related commitments as set out in the JCPOA. The activities related to the latter estimate are foreseen as being applicable for fifteen years.

17. The cost of the provisional implementation of Iran's Additional Protocol (€3.0M per annum) and the inspector costs associated with the verification and monitoring of Iran's nuclear-related commitments as set out in the JCPOA (€2.2M per annum), totalling €5.2M per annum, will be unfunded in the Regular Budget in 2016 and will, therefore, need to be met from extrabudgetary resources. During preparations for the Agency's budget update for 2017, the Director General intends to consult Member States on the implications for the Regular Budget for 2017 and beyond.

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[12] *The Agency's Programme and Budget 2016-2017* (GC(59)/2).

[13] As indicated in GOV/2015/54.

[14] All of the figures in paragraphs 15 and 16 include programme support costs of 7%.

[15] The Secretariat estimates that existing voluntary contributions from Member States for activities related to the JPA will have been expended by the end of September 2015.